

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 63 - HB 866

April 9, 2019

**SUMMARY OF ORIGINAL BILL:** Expands, from grades nine through twelve, to grades six through twelve, career and technical education (CTE) made available by state and local education agencies. Requires that the program be accessible to all middle school students in grades six through eight. Adds grade six to the cohort for whom CTE counseling is required to be made available. Requires the Board of Career and Technical Education to plan facilities for comprehensive CTE training for middle school students. Authorizes the middle school programs to be conducted in facilities available to high school and post high school students.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – \$50,000/One-Time

Other Fiscal Impact – To the extent local education agencies (LEAs) utilize (BEP) funding for career and technical education expenditures as a result of this legislation, there would be an equivalent reduction of BEP funding available for other LEA expenditures. The extent and timing of any such shifts cannot be reasonably determined.

**SUMMARY OF AMENDMENT (007438):** Adds language to the original bill to encourage the Department of Education (DOE) to begin preparing students in middle school grades for a CTE pathway. Encourages DOE to provide career exploration and career development activities through a framework designed to aid students in middle school grades. Encourages DOE to provide professional development opportunities for teachers and faculty related to CTE for students in middle school grades.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

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Assumptions for the bill as amended:

- Current law, Tenn. Code Ann. § 49-11-104, requires that comprehensive CTE be made available to all students in grades nine through twelve and serve at least 50 percent of those students; and further requires that counseling be available to all students in grades seven through twelve at a ratio of one counselor for two hundred students.
- The proposed legislation would include that comprehensive technical education be made available to students in grades six, seven, and eight; and would require that at least 50 percent of this cohort be served.
- The proposed legislation would add grade six to the cohort that receives required counseling services at the ratio of one counselor for two hundred students.
- Less than five percent of CTE students are in grades seven through eight; it's assumed that a similar number of grade six students would participate if eligible and that districts would be able to include this cohort in their vocational programs within existing resources.
- Approximately eight percent of students in grades seven through twelve were enrolled in CTE programs as of the most recent FY18-19 basic education program (BEP) calculation.
- If program participation increased to the level required in the proposed legislation, it could prompt LEAs to increase the use of available resources (facilities, instructors, etc.) in order to meet the demand.
- Most teachers with general elementary and middle grade endorsements will qualify to teach CTE courses without the need for additional training or certifications.
- LEAs will be able to comply with the legislation using existing facilities and resources.
- Based on information from DOE, districts were funded for 41,000 “full-time equivalent” (FTE) students in career and technical education and over 95 percent of these students were in grades 9-12 ( $38,971 / 41,000 = 95.05\%$ ).

| <b>Grades</b> | <b>FTE</b> | <b>% of total</b> |
|---------------|------------|-------------------|
| 7-8           | 2,028      | 4.95%             |
| 9             | 7,859      | 19.17%            |
| 10-12         | 31,112     | 75.88%            |
| Total         | 41,000     | 100.00%           |

- In FY18-19, there were over 500,000 students enrolled in grades 6-12; 50 percent of those students, or 250,000 students, would result in 209,000 more students than are currently enrolled (250,000 - 41,000 enrolled in FY18-19).
- There are 332 (306 public + 26 public charter) schools that serve middle grades (4-8). From this group, 158 (158 schools / 332 schools = 48%) middle schools currently offer CTE courses.
- The proposed legislation would create new CTE programs for 174 middle schools.
- Local fiscal impacts will vary by district and may result in a shift in BEP funding in FY19-20 and subsequent years.

- To implement by July 1, 2019, DOE would need to provide initial training for Department staff and professional development for middle school CTE teachers and LEA staff; this would result in a one-time increase in state expenditures estimated to be \$50,000 in FY19-20.
- It is estimated that training, development, and implementation costs would decrease in subsequent years and could be supported with federal funds beginning in FY20-21.

Assumptions Relative to Federal Impact:

- The Strengthening Career and Technical Education for the 21<sup>st</sup> Century (Perkins V) Act introduces changes to the \$1.2 billion annual federal investment in CTE and goes into effect on July 1, 2019; the Perkins V Act will expand CTE to the middle grades (5-8) in FY19-20.
- The state's current amount of federal funding received to support CTE programs is over \$23 million. Over \$18 million is allocated to districts to support CTE programs in high schools.
- CTE programs are predominantly funded with federal dollars and states receive funds based on a formula using census data.
- Based on information from DOE, federal funding increases are not expected based on broadened and increased CTE participation; however, the Perkins V Act will increase spending flexibility at the district level.
- The proposed legislation will not increase federal expenditures.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/alh